

Fourth Amendment to Fiscal Year 2015-2016 Budgets

June 21, 2016

The Honorable Mayor Ellison and
Members of the City Commission:

This letter is a request for budget amendments to the fiscal year 2015-16 budgets for the general, major streets, local streets, public safety, publicity, solid waste, brownfield, DDA TIFA, state construction code, CDBG, ROOTS, grants, court debt servicing, debt service, recreation, auto parking, farmer's market, water and sewer, ice arena, motor pool and general liability funds. We request the approval of the budget amendments for these funds to incorporate the following changes:

General fund

Licenses and Permits

Revenues will decrease \$25,000 due to the net effect of a \$75,000 decrease due to issuing fewer landlord permits than budgeted and collecting \$50,000 additional in private property paving permit revenue than budgeted.

Fines and Forfeitures

Revenues will increase \$315,000 due to \$80,000 additional probation revenue, \$200,000 additional criminal traffic revenue, and \$35,000 additional civil division revenues than budgeted.

Reimbursements

Revenues will increase \$150,000 due to an insurance settlement for a city hall flood event.

Charges for Service

Revenues will increase \$32,000 due to receiving additional revenue from the Woodward Dream Cruise than budgeted.

Use of Fund Balance

Use of fund balance will decrease by \$281,480 to \$533,110.

General Government

Expenditures will increase \$150,000 for building repairs and maintenance related to a city hall flood event and \$40,000 for consulting work from Plante Moran CRESA on the city civic center project for a total increase of \$190,000.

Transfers Out

Transfers out will increase \$520 for the last portion of the 2014 special assessment sidewalk project.

major streets fund

Revenues will increase by \$2,718,000 due to an increase in use of fund balance. Expenditures will increase by \$2,718,000 due to an increase in transfer to capital

projects of \$2,132,000 and an increase in capital outlay of \$586,000 due to additional major road projects being done than originally budgeted. Total use of fund balance is \$2,903,010.

local streets fund

Revenues will increase \$1,259,000 due to an increase in use of fund balance. Expenditures will increase \$1,259,000 due to an increase in transfer to capital projects and due to local road projects being frontloaded in the beginning years of the ten year millage. Total use of fund balance is 2,761,510.

public safety fund

Total revenues and expenditures will not change. Revenues will increase \$38,000 due to the sale of unclaimed property, \$23,000 due to MMRMA reimbursements, \$35,000 for police cost recovery and use of fund balance will decrease \$96,000.

publicity fund

Expenditures will increase \$4,300 due to higher printing and postage costs for Insight Magazine due to the magazine having additional content/pages than expected. Source of funding is use of fund balance. Total use of fund balance is \$11,100.

solid waste fund

Expenditures will increase \$70,000 due to variable motor pool charges being higher than budgeted due to a heavier leaf collection season, additional storm damage cleanup, and code violation enforcement. Source of funding is use of fund balance. Total use of fund balance is \$705,790.

brownfield fund

Revenues will increase \$1,400 due to collecting more in property taxes than budgeted. Expenditures will increase \$1,400 due to administrative charges related to Brownfield reimbursements.

DDA fund

Expenditures will increase \$5,000 due to the transfer to auto parking for parking debt service being budgeted too low. Source of funding is use of fund balance. Total use of fund balance is \$1,037,280.

state construction code fund

Revenues will increase \$1,305,500 due to an additional \$10,500 in bond forfeitures, \$20,000 in miscellaneous revenues, and \$1,275,000 in permit revenues relative to budget. Expenditures will increase \$1,305,000 due to the net effect of a \$100,000 decrease in capital outlay for city hall renovations that will not be performed, a \$130,000 decrease in personnel costs due to unfilled positions, and a \$1,535,500 increase in contribution to fund balance. Total contribution to fund balance is \$2,436,350.

CDBG fund

Revenues will increase \$20,000 due to a property sale, \$115,000 for residential rehab payments, and \$5,000 for lead based paint reimbursements for a total increase of \$140,000. Expenditures will increase \$140,000 to increase contingency for projects as needed.

ROOTS fund

Revenues will decrease \$78,110 due to a \$6,570 increase in recreation donations, a \$1,000 increase in fire donations, a \$1,000 increase in general donations, and a \$86,680 decrease in use of fund balance. Expenditures will increase \$5,150 for miscellaneous supplies, \$1,860 for fire supplies, \$130 for bank service fees, \$2,800 for recreation pickleball supplies, \$300 to recover a billiards table for the senior center, \$1,650 for senior center software and decrease \$90,000 for library projects that will not be performed in fiscal year 15-16 for a total decrease of \$78,110. Total use of fund balance is \$22,540.

grants fund

Total revenues and expenditures will not change. Capital outlay will decrease \$100,000 and contribution to fund balance will increase \$100,000 due to the smart park project which will not be completed in fiscal year 15-16. Total increase in fund balance is \$100,200.

court debt servicing fund - There is no resolution for this fund as this fund is not officially adopted. Revenues will increase \$3,660,687 due to bond proceeds. Expenses will increase \$3,660,687 for bond refunding payments.

debt service fund - There is no resolution for this fund as this fund is not officially adopted. Revenues will increase \$250 due to a \$150 increase in the transfer from the ice arena fund and a \$100 increase in the transfer from the motor pool fund. Expenses will increase \$250 for bond principle and interest payments.

recreation fund - There is no resolution for this fund as this fund is not officially adopted. Total revenues and expenses will not change. Program revenues will decrease \$28,000 due to lower participation and use of retained earnings will increase \$28,000. Total use of retained earnings are \$58,060.

auto parking fund - There is no resolution for this fund as this fund is not officially adopted. Revenues will increase \$5,000 due to the net effect of collecting \$160,000 additional in parking revenue than budgeted, a \$5,000 increase in the transfer from the DDA fund, and a \$160,000 decrease in use of retained earnings. Total use of retained earnings is \$605,200. Expenses will increase \$5,000 due to debt service being higher than budgeted.

farmer's market fund - There is no resolution for this fund as this fund is not officially adopted. Expenses will increase \$10,000 due to a \$4,000 increase in heating and cooling repairs due to unexpected furnace and thermostat issues and a \$6,000 increase in miscellaneous operating supplies to support the large increase in rental activity. Source of funding is use of retained earnings. Total use of retained earnings is \$43,450.

water and sewer fund - There is no resolution for this fund as this fund is not officially adopted. Revenues will decrease \$5,650,000 due to the net effect of a \$6,000,000 decrease for bonds that will not be issued in fiscal year 15-16, a \$600,000 decrease in sewage disposal fees due to lower consumption, a \$250,000 in water sales due to lower consumption, a \$150,000 increase due to more water taps/kills, a \$60,000 increase in miscellaneous revenue, and an \$990,000 increase in use of retained earnings. Total use of retained earnings is \$1,277,620. Expenses will decrease \$5,650,000 due to depreciation being \$200,000 less than budgeted, a \$600,000 decrease in water purchases due to lower consumption, and a \$4,850,000 decrease in capital outlay due to the net effect of not completing the water meter/radio read project in fiscal year 15-16 and an increase in other water main and sewer projects.

Ice arena fund - There is no resolution for this fund as this fund is not officially adopted. Expenses will increase \$150 due an increase in the transfer to the debt service fund. Source of funding is use of retained earnings. Total use of retained earnings \$25,670.

motor pool fund - There is no resolution for this fund as this fund is not officially adopted. Revenues will increase \$127,100 due to the net effect of a \$146,000 increase for an insurance settlement from a fire at the DPS building, a \$54,000 increase due to the sale of surplus vehicles, a \$51,000 decrease in gasoline revenue from Royal Oak Schools due to lower commodity prices, and a \$21,900 decrease in use of retained earnings. Total use of retained earnings is \$1,468,490. Expenses will increase \$127,000 due to structural repairs to the DPS building from the fire incident and \$100 due to an increase in the transfer to the debt service fund for a total increase of \$127,100.

general liability and property insurance fund - There is no resolution for this fund as this fund is not officially adopted. Revenues will decrease \$961,330 due to a net asset distribution from MMRMA. Expenses will increase \$961,330 due to \$60,000 for court sanctions related to a lawsuit and a \$901,330 increase in retained earnings. Total increase in retained earnings is \$901,330.

It is recommended that the following amended budget resolution be approved by the city commission.

Be It Resolved, the city commission hereby approves the fiscal year 2015-16 amended budgets for the following funds:

General Fund

General Government	10,847,470
Community and Economic Development	616,780
Health and Welfare	0
Public Safety	709,820
Public Works	1,418,010
Recreation and Culture	1,414,050
Transfers Out	19,983,670

Expenditures Total 34,989,800

Taxes	17,899,500
Licenses and Permits	1,959,100
Grants	5,181,550
Charges for Services	2,385,900
Fines and Forfeitures	5,250,000
Interest and Rentals	343,000
Contributions and Donations	0
Reimbursements	582,640
Other Revenues	55,000
Transfers In	800,000
Use of Fund Balance	533,110

Revenues, Transfers and Use of Fund Balance 34,989,800

Major streets fund	expenditures total	6,660,610
	revenues, transfers and use of fund balance	6,660,610
Local streets fund	expenditures total	9,255,510
	revenues, transfers and use of fund balance	9,255,510
Public Safety fund	expenditures total	30,678,250
	revenues, transfers and use of fund balance	30,678,250
Publicity fund	expenditures total	77,670
	revenues, transfers and use of fund balance	77,670
Solid waste fund	expenditures total	6,574,790
	revenues, transfers and use of fund balance	6,574,790
Brownfield redevelopment authority	expenditures total	34,430
	revenues, transfers and use of fund balance	34,430
DDA development fund	expenditures total	4,291,280
	revenues, transfers and use of fund balance	4,291,280
CDBG fund	expenditures total	2,767,360
	revenues, transfers and use of fund balance	2,767,360
State construction code fund	expenditures total	4,140,500
	revenues, transfers and use of fund balance	4,140,500
ROOTS fund	expenditures total	148,060
	revenues, transfers and use of fund balance	148,060
Miscellaneous grants fund	expenditures total	268,000
	revenues, transfers and use of fund balance	268,000

General Fund Before Amendment

General Fund Summary	2014-2015 Actual	2015-2016 Adopted Budget	2016-2017 Projected Budget	2017-2018 Projected Budget	2018-2019 Projected Budget	2019-2020 Projected Budget
Beginning Fund Balance	11,149,200	13,085,090	13,390,491	11,848,021	10,123,270	6,376,773
Revenues	31,762,370	33,184,690	33,510,040	33,753,510	33,149,078	32,750,699
Expenditures	30,512,620	34,799,280	36,052,510	37,052,280	38,337,970	39,051,150
Net	1,249,750	(1,614,590)	(2,542,470)	(3,298,770)	(5,188,892)	(6,300,451)
Transfers from other funds	1,057,820	800,000	0	0	0	0
Net Change in Fund Balance	2,307,570	(814,590)	(1,542,470)	(1,724,751)	(3,746,497)	(4,973,597)
Ending Fund Balance	13,085,090	12,270,500	11,848,021	10,123,270	6,376,773	1,403,177
Fund Balance as a percentage of Expenditures	42.88%	35.26%	32.86%	27.32%	16.63%	3.59%

General Fund After Amendment

General Fund Summary	2014-2015 Actual	2015-2016 Adopted Budget	2016-2017 Projected Budget	2017-2018 Projected Budget	2018-2019 Projected Budget	2019-2020 Projected Budget
Beginning Fund Balance	11,149,200	13,085,090	12,551,980	12,129,501	10,404,750	6,658,253
Revenues	31,762,370	33,656,690	33,510,040	33,753,510	33,149,078	32,750,699
Expenditures	30,512,620	34,989,800	36,052,510	37,052,280	38,337,970	39,051,150
Net	1,249,750	(1,333,110)	(2,542,470)	(3,298,770)	(5,188,892)	(6,300,451)
Transfers from other funds	1,057,820	800,000	0	0	0	0
Net Change in Fund Balance	2,307,570	(533,110)	(1,542,470)	(1,724,751)	(3,746,497)	(4,973,597)
Ending Fund Balance	13,085,090	12,551,980	12,129,501	10,404,750	6,658,253	1,684,657
Fund Balance as a percentage of Expenditures	42.88%	35.87%	33.64%	28.08%	17.37%	4.31%

Respectfully submitted,
Julie Rudd
Director of Finance

Approved,


Donald E. Johnson
City Manager